

# PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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## MEMORANDUM

TO: Hampshire County Retirement Board

FROM: Joseph E. Connarton, Executive Director

RE: Approval of Funding Schedule

DATE: October 12, 2016

This Commission is hereby furnishing you with approval of the revised funding schedule you recently adopted (copy enclosed). The schedule assumes payments are made on July 1 and January 1 of each fiscal year. The schedule is effective in FY17 (since the amount under the prior schedule was maintained in FY17) and is acceptable under Chapter 32.

The revised schedule reflects a reduction in the investment return assumption from 7.875% to 7.50% and the adoption of a fully generational mortality assumption.

If you have any questions, please contact PERAC's Actuary, Jim Lamenza, at (617) 666-4446, extension 921.

Enc.



# HAMPSHIRE COUNTY CONTRIBUTORY RETIREMENT SYSTEM

## FUNDING SCHEDULE

| Fiscal Year | Normal Cost | Fresh Start Unfunded Liability* | Fresh Start Funding Amortization of UAAL** | ERI Liability | ERI Amortization | Net 3(b)(c) Payments | Schedule Contribution | Adjusted for Semiannual Payment |
|-------------|-------------|---------------------------------|--|---------------|------------------|----------------------|-----------------------|---------------------------------|
| 2017        | 4,675,689   | 186,563,367                     | 13,473,436                                 | 4,694,220     | 573,693          | 967,191              | 19,690,008            | 20,063,104                      |
| 2018        | 5,137,360   | 196,524,257                     | 14,450,790                                 | 4,445,018     | 565,231          | 1,170,087            | 21,323,468            | 21,708,958                      |
| 2019        | 5,355,698   | 195,728,977                     | 15,499,042                                 | 4,170,772     | 565,231          | 1,170,087            | 22,590,057            | 22,998,444                      |
| 2020        | 5,583,315   | 193,747,180                     | 16,119,003                                 | 3,875,957     | 565,231          | 1,170,087            | 23,437,636            | 23,861,346                      |
| 2021        | 5,820,606   | 190,950,290                     | 16,763,763                                 | 3,559,031     | 565,231          | 1,170,087            | 24,319,687            | 24,759,343                      |
| 2022        | 6,067,982   | 187,250,516                     | 17,434,314                                 | 3,218,336     | 565,231          | 1,170,087            | 25,237,613            | 25,693,863                      |
| 2023        | 6,325,871   | 182,552,417                     | 18,131,687                                 | 2,852,088     | 565,231          | 1,170,087            | 26,192,875            | 26,666,395                      |
| 2024        | 6,594,720   | 176,752,285                     | 18,856,954                                 | 2,458,372     | 565,231          | 1,170,087            | 27,186,992            | 27,678,483                      |
| 2025        | 6,874,996   | 169,737,481                     | 19,611,232                                 | 2,035,127     | 565,231          | 1,170,087            | 28,221,545            | 28,731,740                      |
| 2026        | 7,167,183   | 161,385,718                     | 20,395,681                                 | 1,580,139     | 565,231          | 1,170,087            | 29,298,182            | 29,827,840                      |
| 2027        | 7,471,789   | 151,564,289                     | 21,211,509                                 | 1,091,026     | 565,231          | 1,170,087            | 30,418,615            | 30,968,528                      |
| 2028        | 7,789,340   | 140,129,239                     | 22,059,969                                 | 565,231       | 565,231          | 1,170,087            | 31,584,626            | 32,155,619                      |
| 2029        | 8,120,386   | 126,924,465                     | 22,942,368                                 | -             | -                | 1,170,087            | 32,232,841            | 32,815,553                      |
| 2030        | 8,465,503   | 111,780,754                     | 23,860,063                                 | -             | -                | 1,170,087            | 33,495,652            | 34,101,193                      |
| 2031        | 8,825,287   | 94,514,743                      | 24,814,465                                 | -             | -                | 1,170,087            | 34,809,839            | 35,439,138                      |
| 2032        | 9,200,361   | 74,927,799                      | 25,807,044                                 | -             | -                | 1,170,087            | 36,177,492            | 36,831,516                      |
| 2033        | 9,591,377   | 52,804,812                      | 26,839,325                                 | -             | -                | 1,170,087            | 37,600,789            | 38,280,543                      |
| 2034        | 9,999,010   | 27,912,898                      | 27,912,898                                 | -             | -                | 1,170,087            | 39,081,996            | 39,788,528                      |
| 2035        | 10,423,968  | -                               | -  | -             | -                | 1,170,087            | 11,594,055            | 11,803,655                      |

### Amortization of Unfunded Liability as of July 1, 2017

| Year | Type        | Original Amort. Amount | Percentage Increasing | Original # of Years | Current Amort. Amount | Years Remaining |
|------|-------------|------------------------|-----------------------|---------------------|-----------------------|-----------------|
| 2005 | ERI-2002    | 274,609                | 0.00%                 | 24                  | 274,609               | 11              |
| 2006 | ERI-2003    | 290,622                | 0.00%                 | 23                  | 290,622               | 11              |
| 2018 | Fresh Start | N/A                    | 4.00%                 | 17                  | N/A                   | 17              |

#### Notes on Amortization of Unfunded Liability

Year is the year the amortization base was established. Type is the reason for the creation of the base. Original Amortization Amount is the annual amortization amount when the base was established. Percentage Increasing is the percentage that the Original Amortization Amount increases per year. Original # of Years is the number of years over which the base is being amortized. Current Amortization Amount is the amortization payment amount for this year. Years Remaining is the number of years left to amortize the base.

\* Unfunded liability is equal to the total Undunded Actuarial Accrued Liability minus the ERI liability

\*\* The amortization increases by 7.254% in the first two years before reducing to 4.00% increases for the remainder of the schedule